



## REPORT

### Council

**Meeting Date: August 9, 2022**

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**FROM:** Community Development Commission

**DATE:** July 26, 2022

**SUBJECT:** Halton Digital Access Strategy Implementation Plan

**LOCATION:** Town-wide

**WARD:** Town-wide

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#### **RECOMMENDATION:**

1. That the report entitled Halton Digital Access Strategy Implementation Plan dated July 26, 2022 be received.
2. That staff proceed with the implementation plan for a one-window approach to support the implementation of 5G technology across Halton as outlined in the Report dated July 26, 2022 and report back to Council for final approvals by early 2023.
3. That the Town Clerk forward a copy of this report to the City of Burlington, the Town of Halton Hills, the Town of Milton and Halton Region, Burlington Hydro Inc., Halton Hills Hydro Inc., Milton Hydro Distribution Inc. and Oakville Hydro Electric Distribution Inc. for their information.

#### **KEY FACTS:**

The following are key points for consideration with respect to this report:

- Digital connectivity is essential to individuals for business, education, health and social connection.
- Almost 55% of Oakville households are considered underserved with respect broadband service.
- 5G technology provides an opportunity to improve digital connectivity in the Town.
- The implementation of 5G technology is expected to act as a key economic driver over the next decade, with the potential to generate significant economic growth. It is important that all of Halton position itself to benefit from that growth.

- On April 25, 2022 Town Council approved the recommendation to support a region-wide approach for the implementation of 5G technology with telecommunication companies through a coordinated effort among Halton municipalities and their hydro utilities where they exist.
- 5G network implementation requires the attachment of wireless transmitting devices to vertical streetlight and hydro poles typically along road right of ways. The Region, the Local Municipalities and Hydro Companies together own approximately 80,000 vertical streetlight and hydro poles, a significant portion of which would be suitable for 5G attachments.
- The purpose of the new Municipal Services Corporation would be to provide a “one-window” service to allow telecommunication services providers to apply for permits to attach their 5G equipment on any vertical streetlight or hydro poles throughout Halton without having to deal directly with the individual owners of the vertical streetlights or hydro poles.
- In order to operate the one-window service, the Region, the Local Municipalities and the Hydro Companies would enter into agreements with each other and the new Municipal Services Corporation to grant access to their vertical streetlights and hydro poles to allow the Municipal Services Corporation to provide centralized permitting for all vertical streetlights and hydro poles across Halton.
- This Report seeks authority for staff to take the necessary steps, including the negotiation and preparation of the agreements required to establish, govern and operate the new Municipal Services Corporation,

**BACKGROUND:**

On April 25, 2022 Council approved staff report entitled Halton Digital Access Strategy – 5G Wireless Technology, which provided an overview of the economic benefits of improving community connectivity through the widespread 5G access. In addition, it provided an overview of Oakville’s commitment to 5G technology to ensure residents and businesses have access to the internet services required to support as central to building community connectivity.

In the April staff report, Council directed staff to report back with a delivery and governance framework for the delivery of 5G infrastructure in Halton. The concept recommended was to implement 5G technology using small cell technology affixed to municipal infrastructure. 5G infrastructure would be delivered by having telecommunications companies use a one-widow approach through the local

municipal Hydro Companies who would act as the municipalities' agent. The Halton Utilities Group proposed to provide a "one-window" service whereby telecommunication services providers could access the vertical streetlights and hydro poles of Halton Region, the Local Municipalities and the Hydro Companies through a centralized permitting service. The Hydro Companies made the case that a one-window service would streamline the permit application process and make it easier and more efficient for the telecommunications services providers to undertake 5G rollout across Halton Region.

Since the spring of 2021, the Halton CAOs have directed the research into a better understanding of the role and value of the existing vertical streetlight and hydro poles in the deployment of 5G. During the course of this research, staff has determined that several telecommunications service providers support a one-window approach that would help support their 5G deployments.

#### **COMMENT/OPTIONS:**

The previous report identified significant socioeconomic benefits for Oakville residents, and all of Halton, through the accelerated deployment of the telecommunications services providers' 5G networks. Amongst the five Halton Municipalities and the four Halton Hydro Companies, no one organization currently owns more than 17 per cent of the total amount of vertical streetlights and hydro poles in Halton. To date, telecommunication services providers have generally implemented their networks across all poles and right of ways throughout Halton, regardless of ownership. With respect to 5G, if Halton municipalities and the Hydro Companies undertook to provide permitting individually and only with respect to their own vertical streetlights and hydro poles, the telecommunications services providers would have to approach each party separately, facing varying permitting and licencing requirements, as well as varying processes and timelines.

A "one-window" permitting service model whereby the telecommunications services providers would apply through a centralized permitting service has the potential to help the telecommunication services providers expedite their 5G implementation plans across Halton.

#### **The Municipal Services Corporation Opportunity**

Given the distributed ownership of vertical streetlights and hydro poles (i.e. that no party owns more than 17 per cent of the total assets), it will be important to establish the appropriate governance to deliver a "one-window" approach to support 5G deployment.

These are some of the key principles considered for developing a governance structure:

- ownership of the poles is not transferred;

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- municipalities and Hydro Companies will license rights to the one-window service to manage telecommunications service providers' access to vertical streetlight and hydro poles;
  - 5G equipment and maintenance must not interfere with the primary purpose of the vertical streetlight or hydro pole;
  - each vertical streetlight or hydro pole owner will be represented; and,
  - fees charged to telecommunication services providers should be based on rates that at a minimum must cover all operating costs associated with one window service and allow for full cost recovery for the owner of the vertical streetlight or hydro pole.

A Municipality can create a Municipal Services Corporation through the provisions of the Municipal Act, 2001. The shares of a Municipal Services Corporation can only be owned by a municipality or a group of municipalities. A Municipal Services Corporation can only provide a system, service or thing that a municipality is entitled to provide, which would include the 5G pole attachment permitting service described in this report.

Through the provisions of the Municipal Act, 2001, a Municipal Services Corporation, owned by the municipalities of Halton, could be established to operate the “one-window” services consistent with the above key principles.

A Municipal Services Corporation can provide these centralized 5G permitting and management services, including:

- initial permit application and on-going access licenses for telecommunication services providers' use of poles for 5G attachments;
- municipal and Hydro Company licenses to manage 5G pole attachment rights to the Municipal Services Corporation; and,
- services to the telecommunication services providers including engineering, installation, maintenance and removal of cell attachments.

In addition, the proposed structure could allow the Municipal Services Corporation to provide additional services beyond 5G, including a “one-window” approach for all non-5G telecommunications permits. By delegating the authority to the Municipal Services Corporation to issue non-5G permits, the Municipalities would gain the benefit of offering a “one-window” approach to a broader range of telecommunications permitting.

Overall, a Municipal Services Corporation approach should create favourable conditions for the rollout of 5G across Halton Region. This will accelerate the delivery in benefits in connectivity for local residents and businesses with the associated economic and social benefits.

### Next steps

Upon approval of this report, in order to implement Recommendation #1 staff, working jointly with the other Halton municipalities, will do the following:

- finalize the business case to confirm the benefits of the approach described in this report;
- confirm the participation of the City of Burlington, the Town of Halton Hills and the Town of Milton (Halton Region has confirmed their participation);
- confirm participation of the Hydro Companies;
- determine the operating model and governance structure for the Municipal Services Corporation and in conjunction with that:
  - negotiate necessary governance agreements between the Region, the Local Municipalities, the Hydro Companies and the Municipal Services Corporation
  - Negotiate the license agreements and other necessary operating agreements amongst: (a) the Region, the Local Municipalities and the Municipal Services Corporation; and (b) the Hydro Companies and the Municipal Services Corporation
- develop the permit and licencing agreements between the Municipal Services Corporation and telecommunication services providers;
- develop any required agreements with service providers who will assist in the installation, maintenance and removal of 5G attachments;
- ensure the statutory requirements for establishing a Municipal Services Corporation are met, including:
  - Business case study - A municipality must adopt a business case study before it establishes a municipal services corporation either alone or with one or more other municipality. The business case will be finalized based on the benefits of accelerating the deployment of 5G technology in Oakville. There are many factors that will influence the business case including the speed of deployment of 5G technology in each municipality and in Halton generally, the extent to which the telecommunications services providers choose to use the existing municipal pole infrastructure (versus infrastructure they build), the market rate for services, and status of Provincial and Federal legislation related to the deployment of 5G.

- Asset transfer policies - A municipality must adopt and maintain policies on asset transfers to corporations. It is anticipated that the asset transfer policies with respect to the Municipal Services Corporation will be fairly simple given that one of the key principles recommended above is that the ownership of the pole infrastructure would remain with the individual municipalities and the Hydro Companies. The asset transfer policy will address the potential for the transfer of financial assets to address start-up costs, but otherwise will be general in nature.
- Public participation – a municipality must consult with the public about the proposal to establish the municipal services corporation prior to such corporation’s establishment. There are no specific rules governing the nature of the public consultation. Given the scoped focus of the proposed Municipal Services Corporation and the low risk involved, it is anticipated that the public consultation will focus on notification of the availability of the business case, when available, and an opportunity for the public to submit comments related to the business case. It is expected that this consultation will occur in late 2022 or early 2023.

Following the satisfactory completion of statutory preparations and negotiations of documents, as outlined in this report, for the creation, operation and governance of a Municipal Services Corporation, and the confirmation of business viability through stakeholder discussions and analysis, a report to establish a Municipal Services Corporation to support a “one-window” service model is expected to be forwarded to participating Local Councils and Regional Council by early 2023 with recommendations for next steps.

#### **CONSIDERATIONS:**

##### **(A) PUBLIC**

The formation of a Municipal Services Corporation requires public notice.

##### **(B) FINANCIAL**

The costs associated with the formation of the Municipal Services Corporation have been budgeted by Halton Region. As such, there are no financial implications associated with this report.

##### **(C) IMPACT ON OTHER DEPARTMENTS & USERS**

Using a one-window approach to 5G deployment will minimize the requirement for staff involvement.

**(D) CORPORATE STRATEGIC GOALS**

This report addresses the corporate strategic goal(s) to:

- Livability – Promote and support actions to maintain a resilient local economy
- Engaged Community – Foster a community environment that engages residents of all ages, abilities and backgrounds.

**(E) CLIMATE CHANGE/ACTION**

Providing reliable broadband service facilitates many opportunities including remote working, reducing the load on transportation networks.

**APPENDICES:**

None

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